

# UTAH

## 1997 Unincorporated Exempt Organization or Exempt Corporation Having Unrelated Business Income Return and Instructions



## Form TC-20UBI

### **Extension of Time To File**

This is an extension of time to file your tax return - NOT an extension of time to pay your taxes. You are automatically allowed an extension of up to six months to file your return. However, if the prepayment requirements have not been met on or before the original due date, penalties will be assessed.

*If you need an accommodation under the Americans with Disabilities Act, contact the Tax Commission at (801) 297-3811 or Telecommunications Device for the Deaf (TDD) (801) 297-3819. Please allow three working days for a response.*

**Tax Questions?** You may submit tax questions to the Tax Commission through the World Wide Web. The Tax Commission's Internet Home Page address is: <http://www.tax.ex.state.ut.us>

# GENERAL INSTRUCTIONS AND INFORMATION

## 1. Corporation Identification Numbers

The Utah State Tax Commission will use the federal identification number (FIN) as the corporation's taxpayer identification number with the state. The Utah charter number is a six-digit number issued upon incorporation or qualification to do business in Utah and should also be included. If these numbers (FIN and Utah charter) are not preprinted on the mailing label, fill in the appropriate areas to allow for proper identification of the corporate tax return or any correspondence.

## 2. Rounding Off to Whole-Dollar Amounts

All entries must be made in whole-dollar amounts.

## 3. Liability for Filing and Paying Returns

**a. Tax Forms** - The Utah State Tax Commission supplies returns for filing of corporate taxes to corporations properly registered with the state. If an original return is not mailed to the corporation, contact our offices at (801) 297-6700 to request forms. **NOTE:** Please review General Instruction 8 to identify what federal information is required with the Utah filing.

**b. Unrelated Business Income Tax** - An exempt corporation incorporated in Utah (domestic), qualified in Utah (foreign), or doing business in Utah whether qualified or not must file an unrelated business income tax return, form TC-20UBI, when it has unrelated business income.

**c. Taxable Year** - The taxable year for Utah unrelated business income tax purposes should match the taxable year used for federal unrelated business income tax purposes. When the taxable year changes for federal purposes the taxable year should be adjusted accordingly for Utah unrelated business income tax purposes.

**d. Due Date** - Returns shall be filed on or before May 15th (for calendar year filers) or the 15th day of the fifth month following the close of the taxable year (for fiscal year filers), unless the corporation having unrelated business income has a valid federal extension, in which case the due date of the return shall be the same as the extended federal due date.

## 4. Filing Extension

This is an extension of time to file your tax return - NOT an extension of time to pay your taxes. You are automatically allowed an extension of up to six months to file your return. **However, if the extension prepayment requirements have not been met on or before the original due date, penalties will be assessed.**

## 5. Prepayment Requirements

If a corporation having unrelated business income has a Utah tax liability of \$3,000 or more in the current year, or had a tax liability of \$3,000 or more in the previous year, that corporation must make quarterly estimated tax prepayments.

An exempt corporation is not subject to the prepayment requirements for the first year that corporation is required to file a return in Utah.

Prepayments are due in four equal payments on the 15th day of the 4th, 6th, 9th and 12th months of the corporation's taxable year. Corporations may elect to make the quarterly prepayments equal to 90 percent of the current year's tax or 100 percent of the prior year's tax. As defined in Section 6655, Internal Revenue Code, the applicable percentage of the required annual payment for annualized income installments, for adjusted seasonal installments, and for estimated tax payments based on the current year tax liability is the following:

| Installment | Percentage |
|-------------|------------|
| 1st         | 22.5       |
| 2nd         | 45.0       |
| 3rd         | 67.5       |
| 4th         | 90.0       |

If a taxpayer elects a different annualization period than the period used for federal purposes, the taxpayer must make an election with the Tax Commission at the same time as provided in Section 6655, Internal Revenue Code. Prepayments should be made with form TC-559, Corporation Tax Payment Coupon Booklet.

Corporations not making the required tax prepayments are subject to a penalty as stated in General Instruction 6, page 1.

### Exceptions to Penalty

1. **Annualized Exception:** A corporation may annualize its income before determining the amount of each installment. It is recommended that federal guidelines be followed in determining annualized income. If the corporation meets the annualized exception, for any installment, indicate by checking the appropriate box on form TC-20UBI, line 12.

2. **Recurring Seasonal Exception:** A corporation with recurring seasonal income may annualize its income before determining the amount of each installment. It is recommended that federal guidelines be followed in determining seasonal income. If the corporation meets the seasonal exception, for any installment, indicate by checking the appropriate box(es) on form TC-20UBI, line 12.

The Tax Commission will calculate the penalty for underpayment of required prepayments. Taxpayers who would like to calculate their own penalty may contact the Tax Commission at (801) 297-7790 for assistance.

## 6. Penalties

The penalty for failure to file a tax due return by the due date is the greater of \$20 or 10 percent of the unpaid tax. In addition, if a tax balance remains unpaid 90 days after the due date, a second penalty, the greater of \$20 or 10 percent of the tax balance, will be added for failure to timely pay.

The penalty for failure to pay tax due as reported on a timely filed return, or within 30 days of a notice of deficiency, is the greater of \$20 or 10 percent of the tax due.

The penalty for underpayment of an extension prepayment is 2 percent per month of the unpaid tax during the extension period. The penalty for failure to file an information return or a complete supporting schedule is \$50 for each return or schedule up to a maximum of \$1,000.

The penalty for each underpayment of required estimated tax or required quarterly installments shall be determined by applying the state interest rate(s) in effect for the period of the underpayment, plus four percentage points, to the amount of the underpayment for the period of the underpayment.

For a list of additional penalties that may be imposed, please refer to Utah Code Ann. Section 59-1-401.

## 7. Interest

The calendar year interest rate applicable for all taxes and fees administered by the Tax Commission is two percentage points

above the federal short-term rate in effect for the preceding fourth calendar quarter. This rate is published by the Internal Revenue Service in September of each year.

The interest rate for all taxes and fees administered by the Tax Commission for the 1998 calendar year is 8 percent.

## 8. Supporting Federal Information

Form 990-T, as filed with the IRS, should be included with the filing of the Utah return (Form TC-20UBI). Other detail schedules should NOT be included with the initial Utah filing. These detail schedules may be requested at a later date by the Auditing Division of the Tax Commission.

## 9. Corporation Changes

Corporation changes (e.g., name change, merger, or ceasing to do business in Utah) must be reported to the Division of Corporations, Department of Commerce, 160 East 300 South, Salt Lake City, Utah 84145. The changes must be approved by the Division of Corporations after which the information will be transferred to Tax Commission records.

## 10. Suspension for Failure to File or Pay Tax Due

Utah law provides for suspension of the corporation's right to do business in Utah if the corporation fails to file and/or pay taxes due before 5 p.m. on the last day of the eleventh month after the due date.

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## INSTRUCTIONS FOR RETURN

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### Corporation Name and Address area

Enter the corporation name and address in the area provided on the front of the return. Check the box provided if there has been a change in the corporate's name or address since last year's filing.

### Federal Identification Number and Utah Charter Number

Forms without a preprinted label should be completed by entering the FIN and Utah charter number in the appropriate fields.

### Telephone Number

Enter the telephone number for the corporation.

### Amended Returns for 1997

AN AMENDED STATE RETURN FOR 1997 SHOULD BE FILED PROMPTLY ONCE YOU DISCOVER:

1. an error on your state or federal return after it has been filed; or,
2. your federal return is audited or adjusted by the IRS and the IRS audit or adjustment affects your state return. You must report such changes or corrected net income within 90 days of the IRS's final determination.

If you need to amend a return for a tax year other than 1997, please use the tax form and instructions for the year you are amending.

Do not submit an amended return for the purpose of claiming a loss carryback refund. This is automatically calculated by the Tax Commission. Any refund will be mailed to the corporation.

To qualify for a refund or credit, an amended return must be filed within three years following the date the original return was filed. A

return filed before the due date is considered filed on the due date.

To amend a previously filed 1997 state income tax return:

1. check the amended box located at the top of the return; and
2. indicate the reason for amending, by writing the number in the box provided on the return.

### THE REASONS FOR AMENDING:

1. you filed an amended return with the Internal Revenue Service (*you must attach a copy of your amended federal return*);
2. you made an error on your state return (*attach an explanation of the adjustments made*);
3. federal audit adjustments which resulted in changes in federal taxable income were issued and became final (*attach a copy of the IRS adjustment*);
4. other (*please attach explanation to return*).

Complete the return entering the figures as corrected.

When filing an amended return, enter the amount of tax paid with the original return and/or subsequent payments of the tax prior to filing this amended return less any previous refunds (exclude refund interest). See TC-20, Schedule A, line 21d instructions on page 8.

**REMEMBER**, except for the amounts you amend, the amounts you place on the return must match your original return.

### Line 1 Unrelated Business Income

Enter the unrelated business taxable income as taken from federal form 990-T, line 34.

### Line 2 Apportionment Fraction

Enter 100 percent or the fraction from Schedule J, line 7.

### Line 3 Utah Taxable Income

Line 1 multiplied by line 2.

### Line 4 Tax

Line 3 multiplied by (.05).

### Line 5 Penalties and Interest

Enter any applicable penalty and interest amounts on the appropriate lines and check the corresponding boxes. Enter the total amount on this line (see General Instructions 6 and 7).

### Line 6 Total Tax and Penalties Due

Add lines 4 and 5.

### Line 7 Total Prepayments

A refundable credit is allowed for advance payments made as quarterly prepayments and extension payments. Also include any overpayments from the prior year applied to this year.

### Line 8 Total Remitted

If line 6 is larger than line 7, subtract line 7 from line 6. Make check or money order payable to the Utah State Tax Commission. **DO NOT MAIL CASH. THE TAX COMMISSION ASSUMES NO LIABILITY FOR LOSS OF CASH PLACED IN MAIL.**

### Line 9 Total Overpayment

If line 7 is larger than line 6, subtract line 6 from line 7. This is the amount of overpayment.

## Line 10 Overpayment To Be Applied To Next Taxable Year

As a convenience to refund filers, all or part of a refund may be applied as an advance payment for next tax year. Enter the amount to be applied (must be less than or equal to the refund amount).

## Line 11 Total Refund

Line 9 less line 10.

## Line 12 Installments That Qualify for Exceptions

Check boxes corresponding to the four quarterly prepayments for those quarters in which exceptions to penalty exist. Refer to General Instruction 5, page 1, for exceptions to penalty on estimated prepayments. Attach supporting documentation.

**Signature and date lines are required for declaration of the return's accuracy. Refunds will not be granted on returns without signatures and date.**

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## INSTRUCTIONS FOR SCHEDULE J APPORTIONMENT SCHEDULE

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Only the property, payroll, and sales included in the computation of unrelated business income or directly related to the unrelated business income of an exempt organization shall be included when apportioning income.

Determine apportionment fraction by completing this schedule. The factors express a percent for tangible property in Utah, for wages and salaries in Utah, and for sales in Utah. These factors are to be added together and divided by the number of factors present (typically 3) to arrive at the Utah apportionment fraction calculated to six decimals. This fraction is to be applied to the apportionable income (or loss) to arrive at the amount of income (or loss) apportioned to Utah. In cases where one or more of the factors is omitted due to peculiar aspects of the business operations, the corporation should divide by the number of factors present.

Income or loss from partnership or joint venture interests shall be included in income and apportioned to Utah through application of the three-factor formula consisting of property, payroll, and sales. For apportionment purposes, the portion of partnership or joint venture property, payroll, and sales to be included in the corporation's property, payroll, and sales factors shall be computed on the basis of the corporation's ownership interest in the partnership or joint venture.

Briefly describe the nature and location(s) of your Utah business activities in the space provided at the top of this schedule.

## Lines 1(a)-(e) Tangible Property

Show the average cost value during the taxable year of real and tangible personal property used in the business within the state (including leased property) in column A; and overall (including Utah) in column B.

Property owned by the corporation is valued at its original cost. Property rented by the corporation is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the corporation less the annual rate received by the corporation from subrentals.

The average value of property shall be determined by averaging the cost values at the beginning and ending of the tax period. However,

monthly values may be used or required if monthly averaging more clearly reflects the average value of the corporation's property. A supporting schedule should be attached whenever monthly averaging is used.

## Line 2 Total Tangible Property

Enter totals of lines 1(a)-(e) in the respective columns.

## Line 2(a) Property Fraction

Determine property fraction: column A, line 2 divided by column B, line 2.

## Line 3 Wages, Salaries, Commissions, and Other Includable Compensation

Wages, salaries, commissions, and other includable compensation paid to employees for personal services must be included in the Utah factor to the extent that the services, for which the compensation was paid, were rendered in Utah.

Compensation is paid in the state if (1) the employee's service is performed entirely within the state; (2) the employee's service is performed both within and without the state, but the service performed without the state is incidental to the employee's service within the state; or (3) some of the service is performed in the state and (a) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is within this state, or (b) the base of operations or the place from which the service is directed or controlled is not in any state where some part of the service is performed, but the individual's residence is in this state.

The amount reportable for Employment Security purposes may ordinarily be used to determine the wage factor.

## Line 3(a) Wages Fraction

Determine wage fraction: column A, line 3 divided by column B, line 3. Overall wages, including Utah, are listed in column B.

## Lines 4(a)-(e) Gross Receipts from Business

The sales factor is the percentage the sales or charges for services within the state for the taxable year bear to the overall sales for the taxable year. Gross receipts from the performance of services are in this state to the extent the services are performed in this state. Sales of tangible personal property are in this state if the property is delivered or shipped to a purchaser within this state regardless of the F.O.B. point or other conditions of the sale, or if the property is shipped from an office, store, warehouse, factory, or other place of storage in this state and: (1) the purchaser is the United States government, or (2) the corporation is not taxable in the state of the purchaser.

**Nexus:** The jurisdictional link that must be present before a state may tax a corporation upon its activities within a state's borders.

**Note:** Exception to the above method for securities brokerage businesses can be found in the Utah Code Section Ann. 59-7-319(3).

## Line 5 Total Sales and Service

Enter totals of lines 4(a)-(e) in their respective columns.

## Line 5(a) Sales Fraction

Determine sales fraction: column A, line 5 divided by column B, line 5. Overall sales, including Utah, are listed in column B.

**Line 6 Total Fraction**

Enter total of lines 2(a), 3(a), and 5(a).

**Line 7 Apportionment Fraction**

Calculate the apportionment fraction to six decimals: Line 6 divided by the number of factors used (typically 3 - property, wages and sales). If one or more of the factors are not present (i.e., there is a zero represented on lines 2, 3, or 5 in column B), divide by the number of factors present.

Enter apportionment fraction on Schedule J, line 7 and on form TC-20UBI, line 2.

Utah State Tax Commission  
210 N 1950 W, Salt Lake City Utah 84134

**Utah Return of Unincorporated Exempt  
Organization or Exempt Corporation  
Having Unrelated Business Income**

**1997**  
**TC-20**  
**UBI**  
Rev. 12/97

This return is for the calendar year ending Dec. 31, 1997, or fiscal year beginning \_\_\_\_\_, 19 \_\_\_\_ and ending \_\_\_\_\_, 19 \_\_\_\_.

☐ Check box if name or address changed.

• ☐ AMENDED RETURN

See page 2 for "THE REASONS FOR AMENDING" and enter the number in this box

|                  |       |          |                               |
|------------------|-------|----------|-------------------------------|
| Corporation name |       |          | Federal Identification Number |
| Address          |       |          | Utah Charter Number           |
|                  |       |          | Telephone Number<br>( )       |
| City             | State | ZIP Code |                               |

**Note: Attach a copy of federal form 990-T to this return.**

|   |   |    |    |
|---|---|----|----|
| 1. Unrelated business income from federal form 990-T, line 34           | 1 | \$ | 00 |
| 2. Apportionment fraction (100% or Schedule J, line 7)                  | 2 |    | %  |
| 3. UTAH TAXABLE INCOME (line 1 multiplied by line 2)                    | 3 | \$ | 00 |
| 4. Tax: (multiply line 3 by .05)  | 4 |    | 00 |
| 5. Total the penalties and interest listed below and enter on this line | 5 |    | 00 |

Extension penalty \$ \_\_\_\_\_ Interest \$ \_\_\_\_\_ Late payment penalty \$ \_\_\_\_\_  
Penalty for underpayment of required prepayment \$ \_\_\_\_\_ Late filing penalty \$ \_\_\_\_\_ \$ \_\_\_\_\_

|  |   |    |    |
|--|---|----|----|
| 6. Total tax, penalty, and interest due (add lines 4 and 5)                      | 6 |    | 00 |
| 7. Total prepayments (attach schedule)   | 7 |    | 00 |
| 8. Total remitted (if line 6 is larger than line 7, subtract line 7 from line 6) | 8 | \$ | 00 |

**Make check payable to: UTAH STATE TAX COMMISSION**

|  |    |    |    |
|--|----|----|----|
| 9. Total overpayment ( if line 7 is larger than line 6, subtract line 6 from line 7) | 9  | \$ | 00 |
| 10. Amount of overpayment to be applied as advance payment to next tax year          | 10 | \$ | 00 |
| 11. Total refund (line 9 less line 10)   | 11 | \$ | 00 |

12. Check box(es) corresponding with installments that qualify for exceptions (see General Instruction 5, page 1)

1 ☐ 2 ☐ 3 ☐ 4 ☐

**Official Use Only**

**Under penalties of perjury, I declare that to the best of my knowledge and belief, this return and accompanying schedules are true, correct, and complete.**

Signature of officer

Date

Title

|  |   |             |   |                                |
|--|---|-------------|---|--------------------------------|
| <b>Paid<br/>Preparer's<br/>Section</b> | Preparer's signature                    | Date signed | Check if self-employed <input type="checkbox"/> | Preparer's social security no. |
|  | Firm's name (or yours if self-employed) |             |   | E.I. number                    |
|  | Preparer's complete address             | City        | State   | ZIP code                       |

# SCHEDULE J - APPORTIONMENT SCHEDULE

TC- 20UBI J  
Rev. 12/97

|                  |                     |                               |
|------------------|---------------------|-------------------------------|
| Corporation Name | Taxable Year Ending | Federal Identification Number |
|------------------|---------------------|-------------------------------|

Describe briefly the nature and location(s) of your Utah business activities:

|  | Inside Utah<br>Column A |  |    | Inside and Outside Utah<br>Column B |    |
|--|-------------------------|--|----|-------------------------------------|----|
| <b>1. TANGIBLE PROPERTY</b>  |                         |  |    |                                     |    |
| (a) Land   | 1(a)                    |  | 00 | •                                   | 00 |
| (b) Depreciable assets   | 1(b)                    |  | 00 | •                                   | 00 |
| (c) Inventory and supplies   | 1(c)                    |  | 00 | •                                   | 00 |
| (d) Rented property  | 1(d)                    |  | 00 | •                                   | 00 |
| (e) Other tangible property  | 1(e)                    |  | 00 | •                                   | 00 |
| <b>2. TOTAL TANGIBLE PROPERTY (total 1(a) through 1(e))</b>  | 2                       |  | 00 |                                     | 00 |
| (a) Fraction (column (A), line 2 divided by column (B), line 2)  |                         |  |    | 2(a)                                |    |
| <b>3. WAGES, SALARIES, COMMISSIONS, AND OTHER INCLUDABLE COMPENSATION</b>  | 3                       |  | 00 | •                                   | 00 |
| (a) Fraction (column (A), line 3 divided by column (B), line 3)  |                         |  |    | 3(a)                                |    |
| <b>4. GROSS RECEIPTS FROM BUSINESS</b>   |                         |  |    | 4(a)                                | 00 |
| (a) Sales (gross receipts less returns and allowances)   |                         |  |    |                                     |    |
| (b) Sales delivered or shipped to Utah purchasers:   | 4(b1)                   |  | 00 |                                     |    |
| (1) Shipped from outside Utah  |                         |  |    |                                     |    |
| (2) Shipped from within Utah   | 4(b2)                   |  | 00 |                                     |    |
|  |                         |  |    |                                     |    |
| (c) Sales shipped from Utah to:  | 4(c1)                   |  | 00 |                                     |    |
| (1) United States Government   |                         |  |    |                                     |    |
| (2) Purchasers in a state(s) where the taxpayer has no nexus (The corporation is not taxable in the state of purchaser)  | 4(c2)                   |  | 00 |                                     |    |
| (d) Rent and royalty income  | 4(d)                    |  | 00 | •                                   | 00 |
| (e) Service income (attach schedule)   | 4(e)                    |  | 00 | •                                   | 00 |
| <b>5. TOTAL SALES AND SERVICES (total 4(a) through 4(e))</b>   | 5                       |  | 00 |                                     | 00 |
| (a) Fraction (column (A), line 5 divided by column (B), line 5)  |                         |  |    | 5(a)                                |    |
| <b>6. TOTAL OF LINES 2a, 3a, AND 5a</b>  |                         |  |    | 6                                   |    |
| <b>7. Calculate the APPORTIONMENT FRACTION to <u>six decimals</u>:</b> (line 6 divided by 3 or the number of factors present) (Also enter on TC-20UBI, line 2) |                         |  |    | 7                                   |    |

**NOTE: This schedule is to be used only if income is taxable in another state and should be apportioned to Utah.**